LeasingWorld

DIGITAL LIVE LINKS

ISSUE 204 | JANUARY 2025

FOR THE UK EQUIPMENT LEASING AND ASSET FINANCE PROFESSIONAL

United, we go further

How UTB's new brand vision continues to put people at the heart of everything they do

LeasingWorld

As our readers no doubt already know, Artificial intelligence ("AI") is being discussed more than ever, even right at the top of the political pyramid, with the Prime Minister keen to turn the UK into an AI superpower. Our Look Ahead feature starting on page 14 also touches on the subject, and how could it not? It's one of the key topics for the coming year.

Specifically, the best definition of AI is probably "technology that enables computers and machines to simulate human learning." But a great deal of "human learning" requires a teacher or a trainer, and when a computer is the one doing the learning, we call that "programming." The point at which it stops being programming and starts becoming true AI is when no programmer is involved any more – when the program is learning entirely through experience. And just as a human being learning through experience will make mistakes, we can expect AI to run into the same problem.

Computer doesn't say No

A true AI system is able to use learning and intelligence to take actions that maximise its chances of achieving defined goals. That's both a blessing and, potentially, a curse, since at this point an AI system can be considered an extra staff member, one who can work incredibly fast – and one who might start taking unforeseen short cuts.

As this issue goes to press, Apple has just suspended a new artificial intelligence feature which had been designed to summarise news headlines, but which had ended up giving false information and making what have been termed "AI-generated errors".

If AI-generated errors do indeed happen at the highest level and to the best-prepared organisations, might an AI auto-decisioning tool realise that omitting a zero from a deal value "accidentally" will increase the chances of a positive response from a lender? After all, it won't understand that it is cheating; only that it has found a way of getting the "right" answer.

If the human intelligence (e.g. the broker) knows exactly what a successful deal looks like, and prepares a proposal accordingly, the lender won't need a layer of artificial intelligence to review that proposal. And this level of expertise is more often experience-based than training-based. Good brokers are out there already, doing exactly what we'd like AI to do, constantly improving the quality of their service through iteration and reiteration.

Of course, that requires good two-way communication – a clear focus for many lenders including United Trust Bank. Nathan Mollett, Head of Asset Finance at UTB, reveals more details in this month's Profile starting on page 18. Nathan explains UTB's automated proposal input, which is all about "enhancing efficiency and improving the overall proposal management process for brokers and our team."

The company's motto – "United, we go further" – clearly includes "technology" as one of the elements making up the "we", up to a point: "There will be no auto-decline," Nathan explains. So there's a clear divide between what we'd like Artificial Intelligence to do, and where Human Intelligence still needs to take over.

Perhaps we can get "HI" to become the next industry buzzword! ■

ROBIN SKUSE
EDITOR@LEASINGWORLD.CO.UK

EDITORIAL

Jan Szmigin
Publisher
T: +44 (0) 7803 389669
E: editor@leasingworld.co.uk

Robin Skuse
Editor
T: +44 (0) 7494 096702
E: editor@broker-world.com

Allan Foad
Contributing Editor
E: allan.foad@leasingworld.co.uk

IN BRIEF

ALLICA SMASHES £3BN IN LENDING

Allica Bank has smashed through £3 billion in lending and £4 billion in deposits as the UK's established SMEs flock to the challenger that promises to deliver 'business banking how it used to be, just better'.

Allica, which is the UK's only full-service bank solely focused on established businesses, posted its first full year of profitability in 2023 and has continued to see substantial profitable growth since. The company topped The Sunday Times Top 100 List of Britain's fastest-growing private companies in June, and came number one in the 2024 Deloitte Technology Fast 50 List for a second year in a row – only the second company in history to achieve this.

The bank will report its full year performance in April 2025, but has revealed it has seen substantial growth over the past few months, including surpassing over £3 billion in business loan balances – including a 64pct increase this year alone, with passing £1 billion of new lending for the year in October – and achieving £4 billion in total deposits, up from £2.6 billion at year-end 2023.

Allica is keen to continue this growth in a sustainable way and is aiming for a 10pct share of the SME market.

KATIE DOWSE MOVES TO COMPASS

Compass Business Finance has appointed Katie Dowse as a key managerial hire to lead the development of its broker channel.

With over 35 years of experience as a finance specialist, Katie will be working alongside Ken Archbold, Head of Credit, who has been spearheading the growth of Compass's broker channel since his appointment in September 2023. Katie brings valuable expertise from running her own asset management business for the past eleven years.

This appointment is part of a series of new hires and promotions over the past year aimed at enhancing sales and support to ensure the highest levels of customer service.

Mark Nelson, Director at Compass, said, "Katie is a fantastic addition to our business. Her knowledge, expertise, and understanding of the printing and broker sectors will be particularly welcome. Growing our brokerage business is a key pillar in our business development strategy. Katie's valuable expertise is vital as we continue to provide exceptional service and support across all our business areas."

C&C Bank brings in new Chief Risk Officer

Specialist lender Cambridge & Counties Bank has appointed James Royle (above) as its new Chief Risk Officer ("CRO"). He will join the bank in March 2025.

James will report to Donald Kerr, Chief Executive Officer, and succeeds Mike Hudson, who, after a long and successful career, has decided to step back from a full-time executive position to pursue non-Executive Director opportunities.

James was most recently the CRO at Recognise Bank, a position he had held since June 2023. In this role, James led the management of risk across the bank, including prudential, credit, enterprise, operational, cyber, climate and reputational risk classes, across all product lines. Previously, James spent almost 23 years at HSBC, including as Managing Director and Deputy Chief Operating Officer, UK Commercial Banking, and Head of Risk, UK Commercial Banking.

He joins during a very strong period of growth, with Cambridge & Counties Bank registering its highest ever level of gross new lending in FY2023 at £328 million, up 6pct year-on-year. Overall, total customer loan balances increased 5pct to £1.106 billion while customer deposits rose to £1.155 billion, also up 5pct.

A key element of the bank's ongoing growth and success in the UK has been a dedicated focus on risks and risk management as a means to deliver an enhanced proposition to its clients and commercial finance broker partners.

Donald Kerr, CEO at Cambridge & Counties Bank, said he was "very pleased to welcome someone of James' calibre and experience to the team. Risk management has continued to rise up the list of critical business responsibilities, and he and his team will play an intrinsic role in helping us deliver on our organisational goals and deliver excellence to our clients.

"I would like to take this opportunity to personally thank Mike Hudson for his incredible support in helping turn Cambridge & Counties Bank into the competitive institution it is today."

Praetura passes milestone

Praetura Lending's combined loan book has exceeded half a billion pounds, with more than 25 per cent growth in 2024.

The offers SMEs an alternative to traditional institutional lenders, providing funds between £10,000 and £35 million to help businesses from a wide range of sectors meet their strategic objectives.

Following its launch in 2013, over £7.5 billion assets have been funded by the North-West headquartered company. The number of businesses receiving funding from Praetura has grown by 21 per cent in 2024, across a broad range of industries including construction, manufacturing, transportation, wholesale and distribution, entertainment, retail and hospitality.

The company comprises five businesses: Praetura Asset Finance, Kingsway Finance, Praetura Commercial Finance, Praetura Invoice Finance and Zodeq. Both Praetura Asset Finance and Kingsway Finance have exceeded annual funding level records, for the fourth consecutive year. Praetura Asset

Finance has seen a 27pct increase in the amount lent and Kingsway Finance have seen their year-to-date funding totals rise by 17pct.

Peadar O'Reilly, Praetura Lending's CEO, said, "We are delighted to exceed this key milestone of a £500 million loan book and are keen to support many more ambitious business owners with their financing needs, as we have both the capacity and appetite to double our book to £1 billion in the coming years."

Haydock bolsters senior underwriting team

Haydock has strengthened its underwriting team with four Senior Underwriter appointments: Angela Hendrie, Emma Richardson, Jim Stewart and Stuart MacVicar.

With 25 years' experience, Angela Hendrie (pictured) brings a wealth of expertise to the Structured Credit team where she will enhance Haydock's capabilities in larger and more complex transactions.

Angela's previous roles include Risk Team Manager for Carrick Finance where she was responsible for the day-to-day credit workflow management alongside her underwriting duties. Angela's career was predominantly spent with the Bank of Scotland where her responsibilities included managing commercial and business customer portfolios.

Commenting on her new position, Angela says, "I am thrilled to be taking this next step in my career. Haydock's innovative and forward-thinking approach shows their commitment to supporting SME growth. I am looking forward to applying my knowledge and experience to support Haydock's growth trajectory in larger, more complex deals.

Geoff Worrall, Head of Structured Credit from Haydock Finance, adds, "We are delighted that Angela has joined Haydock. Her expertise and deep sector knowledge will enhance our service offering to our intermediary partners. The team are all looking forward to working with her."

Emma Richardson, Jim Stewart and Stuart MacVicar join the Flow Credit team where their roles will be pivotal in maintaining high service standards and ensuring that Haydock's underwriting reflects their position as a leader for a commercial, can-do approach.

Emma was previously at Handelsbanken where she worked as a Corporate Manager for ten years. Her asset finance experience also includes roles at Royal Bank of Scotland and Lloyds.

Speaking about her new role, Emma adds, "I am looking forward to working closely with their intermediary partners and helping them to secure the right funding solutions for their clients."

Having begun his career with Barclays, Jim joins Haydock from Softcat Plc where he spent the last three years as a Credit Assessment Team Leader. Prior to this role he was with Braemar Finance, a division of Close Brothers, for five years as a Divisional Underwriter.

Jim said, "I am delighted to be joining Haydock at a key time for the business. Over the recent years many SMEs have suffered rough times but Haydock's credit appetite has enabled many businesses to get the funding support they need. I hope to bring my experience to strengthen Haydock's position as one of the lenders of choice in this market."

Stuart, who brings a wealth of knowledge of credit in the asset finance market, has been at Carrick Asset Finance for five years as a Senior Underwriter.

Commenting on his appointment, Stuart said, "Joining Haydock is an exciting opportunity to be part of a dynamic team, committed to supporting intermediary partners and their clients. With a strong focus on growth, collaboration, and development it's feels like the right place to have taken that next step in my career."

Michael O'Malley, Head of Flow Credit at Haydock Finance, adds, "With a huge amount of knowledge and experience, Emma, Jim and Stuart are valuable additions to the team."

IN BRIEF

NORMAN CHAMBERS JOINS FIDUCIA

The former Managing Director of the National Association of Commercial Finance Brokers ("NACFB") has joined Fiducia Commercial Network as the company's new Executive Relationship Director.

With an impressive thirty-year career in banking at institutions such as NatWest and RBS, Norman brings a wealth of industry experience and insight to Fiducia. Since arriving at the NACFB in 2014, he has significantly impacted the commercial finance sector, driven strategic growth, and championed the interests of member brokers, lenders, and the broader commercial finance community, including government bodies.

Group CEO of Fiducia Group Marcus Grimshaw said, "I am excited to welcome Norman to the Fiducia Commercial Network team. Having worked with him during my time as Chair of the NACFB, his deep knowledge of the financial sector and commitment to the commercial finance community, along with his connections and influence, will be invaluable as we continue to innovate and elevate our service offerings."

ANGLO SCOTTISH AF LAUNCHES BROKER SUCCESSION PROGRAMME

Anglo Scottish Asset Finance has launched its new broker succession programme designed specifically to aid finance brokers moving towards retirement while maintaining customer support and securing an income stream for a defined period into the future.

The company says, "A well-structured succession plan is essential for finance brokers looking to retire. It ensures that your valuable customers continue to receive the same level of service they are accustomed to, which maintains their trust and loyalty."

Anglo Scottish Asset Finance now offers a retirement succession program to help finance brokers from any sector, to develop and implement their retirement plans. Their experienced, UK-wide team (including Northern Ireland) can provide expert support.

Carl Johnson, UK sales Director at Anglo Scottish, tells brokers, "By planning for the future and engaging with Anglo Scottish you will ensure a smooth transition for your customers and a future income stream for yourself."

FCA extends time for commission complaints

The Financial Conduct Authority ("FCA") has extended the time firms have to respond to complaints about motor finance agreements not involving a discretionary commission arrangement ("DCA"). Firms now have until after 4 December 2025 to provide a final response to non-DCAs, in line with the extension the FCA has already provided for complaints involving DCAs.

The extension follows the judgment of the Court of Appeal on 25 October in three motor finance cases. In that case, the Court decided it was unlawful for the car dealers to receive a commission from lenders providing motor finance without first getting the customer's informed consent to the payment. The focus of the Court of Appeal decision was common law, equitable principles and the Consumer Credit Act, rather than FCA rules.

Firms who provide motor finance are likely to receive a high volume of complaints in response to the judgment. The FCA has extended the time firms have to handle complaints to help prevent disorderly, inconsistent and inefficient outcomes for consumers and firms.

On 11 December 2024, the Supreme Court confirmed it would hear an appeal against the Court of Appeal's judgment. The FCA previously wrote to the Court asking it to decide quickly whether it will give permission to appeal and, if it does, to determine the substantive appeal as soon as possible. The FCA says it plans to apply to "formally intervene in the case to share our expertise to assist the Court."

While the Supreme Court will hear an appeal, firms must still comply with the law as it stands when arranging new motor finance agreements. To assist firms, the FCA has set out a summary of the Court of Appeal decision, its expectations and some good and poor practice examples.

In January this year, the FCA launched a review of historical motor finance DCAs, seeking to understand if there was widespread misconduct related to DCAs before the 2021 ban, whether consumers have lost out and, if so, the best way to make sure appropriate compensation is paid in an orderly, consistent and efficient way.

In September, the FCA further extended this until 4 December 2025, saying that it plans to set out next steps in its review of DCAs in May 2025.

UTB announces minority investment by Warburg Pincus

United Trust Bank ("UTB"), a leading UK specialist bank, has announced that an agreement has been reached between its majority shareholders and Warburg Pincus, the pioneer of private equity global growth investing, whereby Warburg Pincus will acquire a minority equity interest in UTB.

This agreement, which is subject to the relevant regulatory approvals, will support the continuation of UTB's strong growth and expansion into new products. The investment, which values the banking group at approximately £520 million, is a significant endorsement of UTB's current strategy and future prospects.

UTB has been successfully building its business and brand for more than twenty years with its focus on recruiting the best people, developing its product range and a disciplined approach to growth. Today, UTB has around 60,000 deposit customers and total assets approaching £4 billion. The Bank has dedicated divisions providing development finance, bridging finance, structured finance, asset finance, BTL finance and mortgages. UTB's reputation for in-depth knowledge combined with commercial awareness and its robust funding model has made it a popular choice for finance brokers, developers and individuals seeking a high quality, bespoke service and a reliable source of finance solutions.

Harley Kagan, Chief Executive Officer of United Trust Bank, commented, "This is an exciting milestone for UTB and an excellent opportunity for our staff, shareholders and for Warburg Pincus.

"I am delighted that Warburg Pincus will be joining us as a new partner to help accelerate our growth and provide support and experience as the group heads for a £4 billion balance sheet and explores exciting new products and markets in the future."

Warburg Pincus was one of the first global private equity firms to invest in Europe in 1983, investing more than $15 billion in over 125 companies across more than twenty European countries.

Triple New Year honours for BBB



British Business Bank CEO Louis Taylor has been awarded a CBE for services to Business and Trade in the King's New Year honours list, and said that the honour "highlights the genuinely outstanding and productive work done by so many colleagues over the years at UK Export Finance and the British Business Bank."

In addition, Catherine Lewis La Torre (above middle), former CEO of the Bank's commercial subsidiaries, British Patient Capital and British Business Investments, and interim CEO of the British Business Bank has also been awarded a CBE for services to Business. And Judith Hartley (above right), former CEO of the Bank's commercial subsidiary, British Business Investments and interim CEO of British Patient Capital, received an MBE for services to Business.

Prior to his role as CEO of the British Business Bank. Louis was Chief Executive of UK Export Finance ("UKEF"), the UK's export credit agency, for seven years. He also held roles as a Director General in the Department for International Trade, and a member of its Executive Committee and Management Board. Before joining UKEF, Louis held a range of senior roles at Standard Chartered Bank and spent his early career working for JP Morgan.

Catherine Lewis La Torre served as interim CEO of the British Business Bank between 2020 and 2022. She was selected to be the first CEO of British Patient Capital following its launch in 2018. Catherine joined the Bank in 2016 to take up the role of CEO of British Business Investments. This followed a twenty-five-year career in the private equity industry.

Judith Hartley based in the North East of England, was interim CEO of the British Business Bank's two commercial subsidiaries, British Business Investments and British Patient Capital, from 2020 to 2022, and subsequently became the permanent CEO of British Business Investments.

Select Car Leasing CEO steps down

Select Car Leasing co-founder and joint CEO James O'Malley says he has decided to step down from his role. The company was founded by Mr O'Malley and fellow co-founder and CEO Mark Tongue back in 2004.

The business, headquartered in Reading, Berks, has risen from an ambitious small start-up to become the UK's leading and most trusted independent car and van leasing specialists, with more than 120,000 vehicles leased to date and close to 300 staff members across twelve sites nationally.

Mr O'Malley has been pivotal in that success story, particularly when it comes to technological innovation within the business and Select's ongoing commitment to excellent customer service. He departs Select to focus on personal projects.

Joint CEO and co-founder Mark Tongue said, "James's departure marks the end of an era for the business, as he has been a key part of Select Car Leasing since its inception in 2004. Over the past two decades, James has achieved remarkable milestones and made significant contributions to the success of Select Car Leasing.

"James was instrumental in the design and implementation of the company's customer relationship management system…While this is a big change for us, I'm excited about the road ahead for Select with the board of directors we have in place – including Managing Director Graham Conway and Financial Director Barry Anderson – and the proficient skill set they bring to the table."

A passionate supporter of Reading FC, Mr O'Malley was delighted to see Select become Principal Partners of the club in 2021 – a key relationship which was expanded at the end of 2024 to include sponsorship of the Women's First Team and associated youth pathways.

Select Car Leasing will continue to operate with one CEO.

Sectors propping up EV transition "feeling the strain"

Commenting on November's new car registration figures, Toby Poston, BVRLA Director of Corporate Affairs said that the registration data "shows that ZEV (Zero Emissions Vehicle) registrations are heading in the right direction, but the market remains imbalanced. Electric vehicle sales are still being propped up by unsustainable levels of discounting from OEMs and the huge depreciation being absorbed by leasing companies.

"Demand is still too fragile on the consumer side, which is a critical piece of the puzzle if the targets are to be hit year on year.

"New electric vehicle ("EV") registrations tell but half the story. The used market props up the new, with massive depreciation on electric vehicles threatening to bring both to a standstill. The leasing sector accounts for roughly two in three new BEV vehicles purchased. The sector has spent an estimated £32 billion on new BEVs since 2018. In return, it has been left to shoulder the cost of collapsing used BEV values and high depreciation. It cannot afford to do that indefinitely.

"A healthy new car market does not exist without a buoyant used one to absorb its supply. If the UK is to meet its mandate targets, government support for used EVs is overdue."

NETSOL's predictions and preparations

Here Eva Kellershof, Vice President of Sales of NETSOL Europe & North America, takes a look at the future of motor finance both in the UK and further afield.

The European auto finance landscape is poised for significant transformation in 2025, influenced by regulatory changes, evolving consumer preferences, and technological advancements. Key trends include:

1. Regulatory Changes and Compliance

- Commission Disclosure Requirements clarification – a topic for the UK only: A recent UK Court of Appeal ruling deemed undisclosed commission payments to car dealers unlawful, potentially leading to substantial compensation claims across the industry. The Financial Conduct Authority (*"FCA"*) has extended the motor finance complaints process to cover car leasing agreements, setting a deadline of December 4, 2025, for lenders to address these complaints.
- I expect we will see a significant shift in EV regulation by the European Commission With many European OEMs, primarily in Germany, but the case of Stellantis shows similar structural challenges, moving into crisis mode, fines for missing CO_2 mandates could spiral some of the key players into full spiral mode. The economic outlook across Europe – emphasised by the ECB's recent action to lower interest rates – and a departure from "green" topics could suggest that sharp penalties could be suspended.

2. Growth of Mobility Finance and Maximising the Asset Value

- The proliferation of car-buying Subscription Models: Consumer interest in flexible vehicle access is driving growth in car subscription services as well as in Commercial Vehicles, agriculture businesses where it is called "Pay per use," Transport-as-a-Service, and others. Industry experts anticipate that subscription models could account for up to 20pct of the total asset-financing market by 2025.
- Used-Car Financing: The used-car financing and leasing market is expected to expand rapidly, with projections indicating a compound annual growth rate (CAGR) of about 15pct from 2023 to 2030.

3. Technological Push into Digital Transformation

- Omni-channel retailing and origination: The adoption of digital platforms is streamlining front and back-office activities: loan application processes, enhancing customer experiences, and improving operational efficiency. Automation and artificial intelligence (AI) are increasingly utilized in loan processing and credit assessments.
- The return of the dealer model

4. Electric Vehicle ("EV") Financing

- Leasing Challenges: Leasing companies in Europe face challenges with EVs due to low resale values, which have increased lease prices. Some firms have indicated they might exit the market if forced into rapid electrification by regulators.
- The arrival of smaller and more affordable EVs, not only from Chinese OEMs.

5. Trends for Captives – sell the Financing business and keep leasing?

To be watched in 2025, as VW Financial Services sold its U.S. financing business to Wells Fargo – a trend or just an outlier? It could indicate a deeper need to integrate the leasing business with the sales side, as it is inextricably linked to the support and growth of the challenged EV volumes.

These trends indicate a dynamic shift in the European auto finance sector, with stakeholders needing to adapt to regulatory developments, technological advancements, and changing consumer behaviours to remain competitive in 2025 and beyond.

QUOTE "If the word 'commission' had never been thought of and everyone just called it 'profit margin' then would every business in the country, not just those in financial services, now be in meltdown regarding 'profit margin disclosure'?"
Jonathan Beese, Director, Satellite Finance

The EV problem is psychological, not economic

It now seems that the Government will revert to the 2030 electric car and van registration targets as originally set by the Conservative Government. In other words by the end of 2030 no more new Internal Combustion Engine ("ICE") cars will be registered, something I agree with. The confusion will relate to commercial vehicles and low emission hybrid and plug-in hybrid cars. Regarding commercial vehicles, it is difficult to predict that fully-laden vans will have sufficient power to meet the market demands. My own view is that it will be achievable looking at the latest battery innovations.

In 2024 it would seem that all manufacturers that were selling cars in the UK will meet the 22 pct electric car registration targets but not without making use of the 'key flexibility' introduced by the Tories. The average sales ran at 19 pct of total sales. In order to hit the targets and avoid fines of £15,000 for every electric car less than the 22 pct target, manufacturers were given credits for low emission petrol and diesel cars – expected to exceed 3 pct and thus avoid fines in 2025 for the achieved performance in 2024.

In addition to the allowance for low emission ICE cars, manufacturers who sold more zero emission cars in 2024 than their target can sell, bank or convert the excess allowances. Those underperforming after allowing for very low emission ICE cars can also buy, borrow or use banked allowances in 2024 and in future…although we are yet to see exactly how this will work under Labour.

Unfortunately, the accountants and economists are making the same old tired arguments that the way forward is to reduce costs to consumers to encourage higher take-up of electric cars. As I've made the point time and time again we're not faced with an economic problem, it's psychological. As long as we don't follow the lead of many other countries and whack hefty duty charges onto the Chinese imported cars the price of all electric cars will be forced to drop if they are to compete thus removing the need for the Government to re-introduce grants. With several Chinese electric car manufacturers claiming that they are about to launch new electric cars costing around £16,000 (Nio and Leapmotor to name just two) consumers stand to be the beneficiaries of this pressure on the legacy brands.

But here's the rub. Even at £16,000 consumers still need access to finance and the joint action of the FOS, the FCA and the courts are rapidly heading down the path to not just auto finance destruction but consumer finance destruction in general. We could genuinely be making huge strides towards a cleaner UK and Net Zero but if the FCA makes a bad decision now regarding the old DIC mis-selling claims I fear that we won't recover.

Here's a quick taster of a podcast in the pipeline: I met with a UK-based but international firm of lawyers along with a firm of US litigators looking to form an association in the UK. This was in 2019 just before the pandemic. The US company is expert in class actions in the US and they could see the opportunities in the UK. Having seen my comments everywhere in the press relating to PCP's they were keen to look for potential class-action angles. I pointed out that my role was to warn consumers and the dealers of the dangers, not to destroy the industry.

Whilst I wouldn't help them myself, I'm sure there are plenty who will if the FCA makes the wrong decision. Once the FCA agrees to payments being made the unstoppable claims ball will start rolling and claims for mis-selling will move from the FOS to the courts. And trust me, these guys are animals. We're not looking at the plethora of tinpot PPI claims companies – we are looking at highly sophisticated class action specialists. More of this on my free podcast grahamhilltraining.com/podcast!

Graham Hill
Ghafinance@aol.com

Paragon picks Alfa

Paragon Bank has announced the selection of Alfa to power a new Commercial Lending Transformation Programme, replacing its legacy systems and streamlining the end-to-end lending process.

The strategic initiative will modernise Paragon's SME lending operations, diversify its product portfolio and enhance the experience for customers and brokers. By choosing Alfa's accelerated Alfa Start delivery methodology, Paragon will implement the Alfa Systems platform in just twenty-four weeks.

John Phillipou, Managing Director of SME Lending at Paragon Bank and Chair of the Finance & Leasing Association, says, "This new system will enable us to enhance our offering, improve our efficiency and provide a seamless journey for our customers."

Alfa CEO Andrew Denton adds, "Paragon is one of the most dynamic and forward-thinking banks in the UK, with a reputation for running a top-quality operation. With Alfa Systems they'll benefit from a SaaS solution that provides outstanding efficiency and functional depth."

In addition to its traditional asset finance business, Paragon will also consolidate its aviation finance and professions lending businesses onto the Alfa Systems platform after reaching live production in mid-2025.

Solifi appoints CEO

Global fintech software partner Solifi has announced the appointment of Dan Corazzi as its new Chief Executive Officer, effective on 13 January. Solifi's current CEO David Hamilton will transition into the role of Chairman.

Mr. Corazzi joins from JAGGAER, a leading global provider of procurement software, where he held the position of Chief Revenue Officer and was responsible for all customer facing activity. During his 25-year career in enterprise software, Mr. Corazzi has held executive leadership positions with firms such as SAP, where he was General Manager of the company's Customer Experience business in North America and as Chief Operating Officer for SAP's Financial Services Industries business. Mr. Corazzi also served for seven years as CEO of ESM Solutions Corporation, a cloud-based spend management solutions provider, where he contributed to the firm being named among Inc. 5000's fastest-growing private companies.

After serving the company as CEO for more than seven years, David Hamilton will step up to become Solifi's Chairman. David has led Solifi through tremendous growth, overseeing a strategic transformation of the business into the world's leading provider of SaaS solutions to the secured finance market. Key to this growth has been the development and launch of the company's Open Finance Platform along with acquisitions in the automotive finance and working capital space.

NETSOL expands European Transcend AI

NETSOL Technologies Europe Ltd. (Nasdaq: NTWK) has appointed Dr. Richard Malaure as Senior Client Consultant for NETSOL Europe. In this key role, Dr. Malaure will spearhead NETSOL's Transcend Consultancy services, bringing deep expertise in cloud services, digital solutions, and cybersecurity to the company's growing European market.

Transcend Consultancy, a division of NETSOL, specialises in providing advanced consulting and digital solutions tailored to a range of industry sectors. The expansion of the European team highlights the company's dedication to supporting clients with innovative technologies and services in an ever-evolving industry landscape.

Bringing over two decades of experience in IT services and consulting, Dr. Malaure's extensive background includes leading consulting relationships for financial services and manufacturing sectors at Fujitsu and NTT DATA, as well as roles in business development at Amazon Web Services and Capita. Earlier in his career, Dr. Malaure held key consultancy positions at IBM and PricewaterhouseCoopers. He holds a PhD from the University of Nottingham.

"This is an exciting time for NETSOL's Transcend Consultancy as we expand our presence in Europe. Adding Richard to the European team brings deep expertise and focus on delivering specialised consulting services to our clients in the leasing industry and beyond," said Jason Hurwitz, Director at NETSOL Europe.

Lendscape "to accelerate growth and innovation"

Lendscape, a global leader in secured finance technology, has appointed Gareth Evans as its new Chief Revenue Officer.

With more than twenty-five years of experience driving growth across global markets, Gareth will join Lendscape's Executive team and lead efforts to scale revenue-generating initiatives, expand the company's ecosystem, build strategic partnerships, and enhance Lendscape's market approach to deliver greater value to clients.

Gareth brings a wealth of experience in all forms of cloud offerings, artificial intelligence, hyper-automation, embedded finance, payments, banking-as-a-service, and enterprise technology spanning the financial services sectors. His career is marked by successful leadership roles leading teams, establishing profitable partner ecosystems, and securing major global deals.

Prior to joining Lendscape, Gareth served in senior leadership roles at Alviere, Blue Prism, Oracle, and SS&C Technologies.

ROUND THE ASSOCIATIONS

■ NACFB posts 15% rise in members in 2024

The National Association of Commercial Finance Brokers (NACFB) has recorded a substantial 15pct rise in the number of its Member firms in 2024. This growth saw broker firm numbers climb from 1,168 in January to 1,338 by year-end. The increase underscores the Association's ongoing commitment to cultivating a stronger, more inclusive commercial finance community.

Last year's record-setting growth builds upon the 11pct increase in NACFB Members recorded in 2023. Additionally, the NACFB's individual broker count grew by 14pct, rising from 2,436 in January to 2,783 at the close of 2024. The number of commercial finance lenders becoming Patrons of the trade body also saw an uplift of 6pct, from 153 to 162.

July 2024 marked a significant milestone, as the Association celebrated 25 consecutive months of membership growth and conducted its 2,500th broker Assurance Consultation – further testament to the NACFB's sustained momentum.

Jim Higginbotham, NACFB CEO, commented, "Last year's 15pct growth is a real testament to the NACFB's unwavering drive to build a more inclusive, thriving commercial finance ecosystem – one defined by trust, innovation, and opportunity. Our Members remain at the heart of everything we do, and as we continue delivering resources, advocacy, and a culture of excellence, I'm confident we can shape the industry's future well beyond 2025. Our ambition remains clear: to empower every Member to flourish and, in doing so, elevate the sector as a whole."

Adrian Coles, NACFB Interim Chair, added: "As I enter the last year of my tenure, it is humbling to look back at the many milestones we have achieved together. Each step along this journey has served as a point of continuation, rather than an endpoint, as we shape an ever-stronger trade Association – one we can all be proud of. I'm very confident that the progress made last year will position us well for continued success in

the years to come."

This follows news of the appointment of two broker Members to the NACFB board as Non-Executive Directors. Tom Perkins (above), Director and co-founder of Charles & Dean, and Evette Orams (below), Managing Director of Hilton-Baird Financial Solutions, joined the NACFB board, bringing fresh perspectives and proven expertise to the Association's leadership.

At December's AGM, the NACFB also received approval from the membership to maintain fees at their current level for the remainder of 2025.

■ New year, new leadership at BVRLA

The British Vehicle Rental & Leasing Association ("BVRLA") has welcomed the start of 2025 with a double change at the top of its senior leadership team and committee of management. Toby Poston has stepped into the role of Chief Executive following the retirement of Gerry Keaney after more than eleven years in the role. The association has also named Lakshmi Moorthy as the BVRLA's new Chairperson, replacing Jon Lawes after his extended tenure.

Poston steps up after sixteen years with the association, where he was most recently Director of Corporate Affairs, responsible for policy and public affairs, communications, events, research and fleet services.

Poston said, "I am responsible for making sure that the BVRLA is heard in the right places and agile enough to meet member needs. Delivering decarbonisation, supporting the vehicle leasing sector's response to the recent Court of Appeal judgement, and navigating a turbulent trading environment all require us to be on the front foot. I am fortunate to have a strong grounding in this sector and an excellent team ready to respond." Coinciding with Toby Poston (above left) becoming Chief Executive, Lakshmi Moorthy (above right) from Arval UK has stepped up from her role as Vice Chair to lead the association's Committee of Management. Taking over from Jon Lawes, Moorthy will lead the BVRLA's board of directors, responsible for strategic direction and policy priorities, while ensuring the association is run on a sound financial basis.

Lakshmi Moorthy added, "During Jon's tenure, supported immensely by Gerry's leadership and the BVRLA team beyond, the association has grown a considerable amount. I have big boots to fill but am confident that we will retain this upwards trajectory."

Time Finance reports "real confidence" for 2025

Time Finance plc, the AIM listed independent specialist finance provider, has published its trading update in respect of the Group's performance for the six-months ended 30 November 2024 ("H1 2024/25"). This update is provided in advance of the scheduled publication of the Group's H1 2024/25 unaudited Interim Results on 28 January 2025.

H1 2024/25 Unaudited Highlights include revenue climbing 16pct to £18.2 million (H1 2023/24: £15.7 million). Profit before Tax was up 44pct to £3.9 million (H1 2023/24: £2.7 million), with PBT margin improving by 4pct to 21pct (H1 2023/24: 17pct).

Net Tangible Assets up 14pct to £41.5 at 30 November 2024 (30 November 2023: £36.4 million) and the gross lending book was up 11pct to a record £209.4 million at 30 November 2024 (30 November 2023: £188.6 million). Net Arrears remain stable at 5pct of the gross lending book at 30 November 2024 (30 November 2023: 6pct), while Net Bad Debt Write-Offs remain stable at 1pct of the average lending book at 30 November 2024 (30 November 2023: 1pct).

The company says that due to "continuing positive trading momentum" the Group now expected its financial performance for the full year would prove to be "at least in line with recently upgraded market guidance."

The company said that a key element of its four-year strategic plan, from June 2021 to May 2025, was to increase the size of its lending book by primarily focusing on Invoice Finance and the 'Hard' subset of Asset Finance because "they are, typically, both larger in average loan size and more secure."

Reflecting this focus, these core areas accounted for approximately 85pct of new deal volume originated in H1 2024/25, and now make up approximately 77pct of the total lending book as at 30 November 2024. This compares to their contribution of 51pct of new deal volume origination and 52pct of the total lending book at the start of the four-year strategic plan.

Chief Executive Officer Ed Rimmer commented, "The Board are very encouraged by the performance in the first half of the current financial year. In line with our strategy, we have continued to increase the size of our lending book and, crucially, have done so without compromising on credit quality. This is borne out by the stable nature of both our arrears and our write-offs.

"This approach, combined with a renewed focus on margins, has led to significant increases in both revenues and profitability, both of which are record figures for the first half of a financial year. We have real confidence that the Group is well placed to continue on this growth trajectory, building long-term value for our shareholders, and I look forward to updating our shareholders on our future strategy through to May 2028 in Q1 of 2025."

The Company also announces that Ed Rimmer, CEO, and James Roberts, CFO, will deliver a live presentation covering the H1 2023/24 Interim Results via the Investor Meet Company platform at 1pm on Tuesday, 28 January 2025. This presentation will follow the publication of the Interim Results for H1 2024/25 earlier that same day. The presentation is open to all existing and potential shareholders.

Mikee Morgan in as Group Chief Exec for Close Brothers

Close Brothers Group plc ("Close Brothers" or "the Group") has announced that following a period of medical leave, Adrian Sainsbury and the Board have agreed that he will step down from his position as Group Chief Executive and Executive Director of the Group, with effect from 6 January 2025 to focus on his health. He is recuperating well and expected to make a full recovery.

Following Adrian's departure, the Board is pleased to announce the appointment of Mike Morgan as Group Chief Executive on a permanent basis, subject to regulatory approval.

Mike Biggs, Chairman, said, "The board would like to sincerely thank Adrian for his material contribution during his eleven years with the Group, the last four of which were as Chief Executive. During this time he has overseen a period of significant growth and development for the Group, successfully leading the organisation through a challenging period which includes Covid and heightened geopolitical uncertainty. On behalf of the Board I would like to wish Adrian all the very best for the future."

"I am also pleased to confirm the appointment of Mike Morgan as permanent Group Chief Executive, subject to regulatory approval. Mike has made a strong contribution as Group Finance Director for the past five years and has been successfully performing the Chief Executive role on an interim basis over the last several months."

Outgoing Group Chief Executive Adrian Sainsbury said, "It has been a privilege to lead the group as Chief Executive for the last four years. During my time at Close Brothers I have been deeply impressed by the enduring strength of our business model, and the dedication and expertise of our people. I would like to thank the team at Close Brothers for their commitment and support, and wish them every success for the years to come."

Paragon: strong operational and financial performance

Paragon Banking Group plc ("Paragon" or "the Group") has published its full year results for the year ending 30 September 2024.

The Bank's financial highlights include an operating profit before fair value items increased by 5.4pct to £292.7 million (2023: £277.6 million), and statutory profit before tax increased by 27.0pct to £253.8 million (2023: £199.9 million).

Net interest margin widened by 7 basis points year-on-year to 316 basis points. Cost efficiency remains strong, cost-to-income ratio 36.1pct (2022: 36.6pct), while the cost-of-risk rose slightly, to 16 basis points from 12 basis points in 2023, reflecting the higher interest rate environment.

Underlying basic EPS increased 7.3pct to 101.1p (2023: 94.2p) and statutory basic EPS increased 28.8pct to 88.5p (2023: 68.7p). Capital ratios remain strong: CET1 ratio 14.2pct (2023: 15.5pct), reflecting strong growth and significant capital returns, and underlying return on tangible equity was reportedly at top of target range 20.3pct (2023: 20.2pct).

The Group said that £92.5 million of the £100.0 million FY24 share buy-back had been completed, giving a balance of £7.5 million, together with a further £50.0 million announced for FY25.

Paragon listed its operational highlights for the period, at the head of which is a total new lending value of £2.73 billion (2023: £3.01 billion) delivered in line with guidance. The Group's Commercial Lending advances totalled £1.24 billion (2023: £1.13 billion) and the overall net loan book grew by 5.6pct to £15.7 billion (2023: £14.9 billion).

The Group reported strong liquidity; retail deposits are said to be up 22.9pct to £16.3 billion (2023: £13.3 billion), with £2.0 billion of TFSME repaid in the year, and a further £0.75 billion outstanding.

Digitalisation process continues apace, with a new buy-to-let broker portal roll-out continuing during final quarter of 2024

Paragon says it is continuing engagement with PRA on modelling requirements for IRB. Near-final rules for Basel 3.1 reduce potential exposure to 104 basis points like-for-like with original consultation paper, where estimated impact was 210 basis points.

Nigel Terrington, Chief Executive of Paragon says that the year ending 30 September 2024 was "another year of strong financial and operational performance, building on our consistent track record over the past decade, underpinned by the strength of our business model and long-term strategy.

"We have seen accelerating momentum throughout the year, with new lending levels reaching the upper range of our expectations and strong customer retention. Improving customer sentiment, robust year-end pipelines, and our strategic focus on specialist markets, gives us confidence as we enter the new financial year.

"Our savings franchise also continues to grow at pace, with retail deposits up almost 23pct, outperforming the market, supporting our growth ambitions and providing strong liquidity.

"Paragon's consistent focus on sustainable growth, enabled by an increasingly diversified and digitalised operating model, together with strong internal capital generation, puts us in a strong position to continue delivering superior returns to our shareholders whilst continually supporting our customers' ambitions."

Investec reports stronger client activity levels

Investec Bank plc ("Investec Bank" or "the Group") has released its unaudited condensed Financial Statements for the six months ended 30 September 2024. The Interim Management Report is issued by Investec Bank plc (the Bank), a subsidiary of the listed entity Investec plc, in accordance with the UK Listing Authority's Disclosure and Transparency Rules and together with the Investec Bank plc unaudited consolidated interim financial report for the six months ended 30 September 2024 (1H 2025) has been prepared in accordance with IAS 34 "Interim Financial Reporting". Unless stated otherwise, comparatives relate to the six month period ended 30 September 2023 (1H 2024).

The comparability of the Bank's total period on period performance is affected by the financial effects of the combination of Investec Wealth & Investment UK (IW&I UK) with the Rathbones Group (Rathbones) which took place at the end of the prior period.

Net core loans increased by 2.3pct annualised to £16.7 billion (31 March 2024: £16.6 billion). Rathbones Group Plc, of which Investec owns a 41.25pct economic interest, had Funds Under Management and Administration (FUMA) of £108.8 billion on 30 September 2024 (£107.6 billion at 31 March 2024).

The Group notes the recent Court of Appeal decisions on the Wrench, Johnson and Hopcraft cases relating to motor commission arrangements. The Group has assessed the potential impact of these decisions, as well as any broader implications, pending the outcome of the intended appeal applications and concluded the provision of £30 million at 31 March 2024 still remains appropriate based on the information currently available. The ultimate financial impact of the Court of Appeal decision and ongoing FCA investigation into motor commission could materially vary, pending further guidance from the FCA or the outcome of the intended appeal to the UK Supreme Court.

Further information on key developments within each of the business units is provided in the Investec group's interim report published on the Investec group's website: www.investec.com.

Investec Bank says its "revenue momentum in the second half of the 2025 financial year is expected to be underpinned by average book growth, stronger client activity levels and continued success in our client acquisition strategies, partly offset by the effects of reducing global interest rates.

"The Bank has maintained strong capital and liquidity levels and is well positioned to continue supporting our clients and pursue disciplined growth as the economic environment improves. We remain committed to our purpose of creating enduring worth for all our stakeholders."

2025: Looking for the rays of sunshine

It's been a very long time since we've been able to sit down and write a feature that begins "Everything looks settled and quiet for the next twelve months." And that's not a sentence we feel able to write in 2025, either. 2026, perhaps?

In theory, 2025 ought to be that year. After all, the UK took something of an isolationist step in 2016 as we pulled away from the EU while not getting any closer to the USA, which gave a warm feeling to anyone who likes collecting stamps in their passports. This move, combined with the political stability of probably not needing (or being able to) go to the polls until 2029, means that everything ought to feel nicely settled.

So why aren't we all celebrating the miraculous predictability of the year ahead? Well, largely because phrases like "£22 billion black hole" and "difficult decisions" have driven out "CBILs" and "furlough". Yael Selfin, Vice Chair and Chief Economist at KPMG in the UK, writes: "Buoyed by a looser monetary and fiscal policy stance, growth in the UK economy may stage a welcome recovery after a lacklustre performance in the second half of 2024. GDP growth could more than double from 0.8pct in 2024 to reach 1.7pct this year.

Meanwhile, UK consumers could ramp up the pace of spending after a cautious recovery last year which saw many continuing to prioritise savings. As household incomes continue to be boosted by robust pay growth and lower interest rates provide less incentives for saving, increases in disposable incomes could translate into a 1.8pct increase in consumer spending this year.

However, stronger growth could come at a cost of higher and

more persistent inflation, as businesses pass on the cost of tax rises as they enjoy a temporary glut of demand. Inflation is now projected to remain above the Bank of England's 2pct target until 2027.

Managing Director of Paragon SME Lending John Phillipou's (left) outlook was broadly optimistic, although he also said, "The Budget is meant to have 'balanced the books' and set us back on even footing for the years to come … however, only time will truly tell whether this is the case."

Some specific Budget measures, including increased employer NIC levels and minimum wage, can't help but have some impact on businesses, especially those in labour-intensive sectors; as Sean Neville (left), Managing Director at Bibby Asset Finance, points out, this impact will largely not be felt until April. He also observes how "the positive business sentiment we saw in our Autumn SME confidence tracker (where almost 70pct of respondents expected sales to grow in the next six months and 25pct said a target area for investment was machinery and equipment) has not manifested in actuality in the closing months of 2024."

On top of these economic hurdles, try as it might, the UK can't isolate itself from global wildfires along the lines of war in Europe and White House rhetoric. Underneath the surface chaos, the "cost of living crisis" hasn't gone away either. Stefan Radymski, director at Evolve Business Finance, is particularly wary of the word tariffs, saying, "As always, what happens in America doesn't stay in America And we have to throw commission disclosure into the mix as well…we're saving that for the end!

➔ For industries like asset finance, adopting AI isn't optional

Still, let's go looking for the good news with a panel of industry experts. Carl D'Ammassa (left), Chief Executive Officer at DF Capital, is one of those making more positive noises. Carl says that his company is "feeling ambitious and confident about what's to come.A key focus for 2025 will be the continued diversification of our lending. One of the most significant developments will be the launch of our asset finance product in the first half of the year (subject to FCA approval). This will allow us to expand our market opportunity significantly while also strengthening our relationships with manufacturers and dealers.

"As well as representing a huge market opportunity, this is a natural extension of our existing proposition, enabling us to work with these partners in a deeper way by providing loans to their customers and supporting further sales. Despite the widely reported difficulties across hire purchase lending, it couldn't be a better time for us to enter this space; we're confident that we'll be introducing a product that's been built to the highest standards possible, and we'll enter the market with no legacy issues."

Ylva Oertengren (left), Chair of the Leasing Foundation, identifies three dominant forces acing the leasing space right now: AI, innovation and sustainability. She explains, "AI is no longer a buzzword. It's shaping decisions, streamlining processes and driving efficiency in ways we are only beginning to understand."

Philip Benké, Director of Consulting Services – Asset & Automotive Finance at CGI, builds on this point. Philip says that through last year AI went "from experimental to essential. Models are now smarter at understanding the complex language of leasing and finance, better at incorporating multimodal data, and seamlessly integrated into workflows to streamline operations."

He adds: "AI is no longer a trend to observe – it's a tool to harness for staying competitive and driving efficiency. At CGI, we've taken a pragmatic, business-driven approach to AI adoption. Instead of a top-down rollout, we started from the ground up, empowering teams with tools like ChatGPT and CoPilot to spark grassroots innovation. By gathering feedback and monitoring usage, we identified key areas where AI adds real value – improving processes for individuals, teams, and the business.

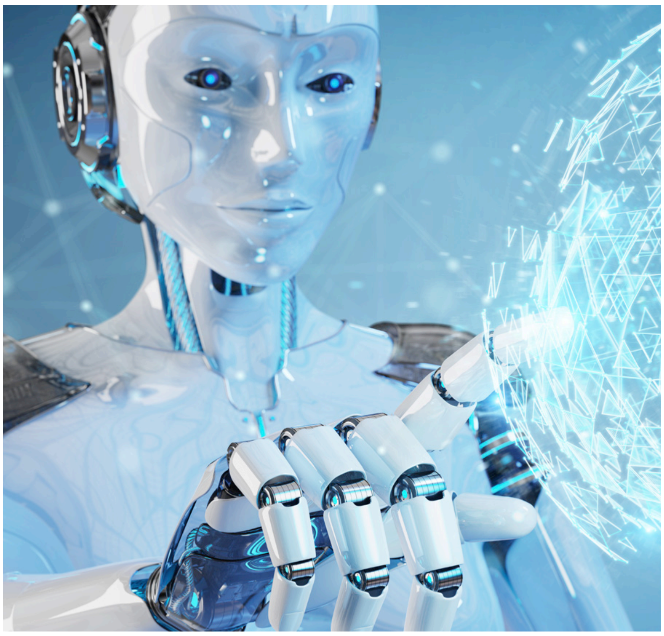
"Once we had clear use cases, we chose the best platforms – whether Amazon Bedrock, Google Vertex, or Microsoft Azure AI – to build focused, scalable solutions tailored to business needs. This iterative approach ensures AI isn't just used but truly delivers results, and in certain cases, we saw productive gains of over 33pct. For industries like asset finance, where regulations, evolving customer expectations, and market uncertainties are constant challenges, adopting AI isn't optional."

Ylva Oertengren adds that sustainability "has gone from a 'nice to have' to a 'must have' for every business. The challenge for many will be to innovate without losing sight of what matters most."

And as Ylva goes on to say, the third dominant force relates not to technology, but to people. "The future of our industry depends on the next generation of talent. Building clear paths for young professionals and creating spaces where ideas and experiences are shared are more important than ever. The Leasing Foundation has made this a key part of its work over the years and this will only become more prominent in 2025.

"In 2025 we'll also be strengthening the community that underpins our industry. Whether it's through events, workshops or partnerships we want to connect professionals at every stage of their career. We're also looking forward to kicking off the year by announcing our new charity partner at our February charity drinks evening."

Paul Godsmark (left), consultant partner and head of advisory services at Auxillias, draws our attention to regulation. As he reminds us, "There is a lot of regulatory change coming down the track, which firms need to ensure they keep abreast of. Perhaps the things that will grab the headlines are the overhaul of the retained



provisions of the Consumer Credit Act 1974 and the new regulatory regime for BNPL.

"The whole sector will be keeping a very close eye on both the FCA's ongoing DCA commission work and the wider position following the Court of Appeal decision in Johnson Wrench and Hopcraft, with the courts likely to play a critical role (the Supreme Court expected to hear an appeal on Johnson in H1 2025). Larger firms will need to keep in mind the key implementation date for the FCA's new(ish) Operational Resilience Regime. Lenders will need to assess preparation for the new PSD returns, while brokers and other entities in the sector will need to keep an eye on the output from the FCA's recent consultation on new Consumer Credit Regulatory Returns.

"Meanwhile, FOS implementation of case fees for Professional Representatives may finally provide some respite from the CMCs. The FCA will focus particularly on Consumer Duty, looking at outcome monitoring, governing body reports, vulnerable customers, fair value and digital journeys."

We've left the motor finance space till last in this feature, but of course we can't omit it entirely. Stefan Radymski, director at Evolve Business Finance, explains that the recent Motor Finance Commission disclosure rules "have made waves in the asset finance space [and] several lenders are already adjusting their policies, legal documents and product terms outside of asset finance. It wouldn't surprise me if we saw similar scrutiny applied to currently unregulated products like unsecured loans and invoice finance.

Meanwhile Sean Neville points out that the Motor Finance commission ruling "presents an inflection point for how the intermediary market works and as an Asset Finance industry we have been working hard over the last two months to strike a balance between ensuring the necessary transparency and clarity to the customer on costs and not overloading them with so much information they end up more confused! The go-forward process in that regard seems to have settled down for most Asset Finance funders, aided by proactive guidance from the FLA, however we await with interest the Supreme Court's view in the first half of the year with regard to historic disclosure practices."

➔ We have an opportunity as an industry to give UK SMEs the support they need

Back to Stefan Radymski: "With capital gains tax rates rising as of October – from 10pct to 18pct for the lower rate and 20pct to 24pct for the higher rate – we're likely to see a rush of business sales and buyouts, especially in Q1. This kind of fiscal policy often drives short-term activity but could dampen longer-term growth prospects. Looking across the Atlantic, the US is facing its own crossroads. A change in administration and the potential re-vival of Trump's tariff plans could either boost the economy or cause a ripple effect here – we'll be watching this space closely. On a practical note, HMRC continues to take a hard line with businesses. Time-to-Pay arrangements are no longer optional if you want to keep lending options open. It's worth exploring now to avoid hiccups with lenders. Here's hoping for a steadier year ahead, but let's not bank on it!"

We'd like to give the last word to Sean Neville: "Given the macro-economic backdrop it would be easy to enter a spiral of doom. But now, more than ever, I think we have an op-portunity as an industry to give UK SMEs the support they need to grow, to invest and to believe that they can move forward successfully.

"Key to that is for us as Asset Financiers to be true partners, not just providers, to businesses. I've talked previously about giving them the means to match the mindset, but as we head into 2025 with all of the above challenges, perhaps it is more about the means to build the mindset." ■

All animal lovers at Haydock

Haydock Finance, a leading asset finance specialist, is delighted to announce its charity support for Bleakholt Animal Sanctuary. The sanctuary is a vital and longstanding animal welfare organisation in Greater Manchester. Located on a 55-acre site, Bleakholt has been providing shelter, care, and love to animals in need since its founding in 1957.

The sanctuary houses a variety of animals, from horses to chickens, with approximately 200 animals on site at any given time. While the sanctuary side provides a permanent home to animals that can no longer be re-homed, the rescue side works tirelessly to re-home animals such as cats, dogs, rabbits, guinea pigs, and even rats. The recent financial support from Haydock Finance will play a critical role in supporting the sanctuary's ongoing work.

Karen Weed, Sanctuary Manager at Bleakholt, said, "It costs £1.6 million a year to run Bleakholt Animal Sanctuary and we are solely dependent on donations. Having companies like Haydock Finance supporting us is massive for us to continue to care for the animals who live their lives out with us and those who need our help before finding their forever homes."

Lea Lawrence, Marketing Manager at Haydock Finance, added, "We are incredibly proud to support Bleakholt Animal Sanctuary to help raise vital funds. To kick off this support, we have organised fundraising through our annual Christmas jumper day and will continue to provide support throughout the year. Bleakholt's dedication to animal welfare is truly inspiring, and we are delighted to play a part in helping them continue their mission. As huge animal lovers this cause is close to our heart."

Praetura triples 2024 target

Praetura Group is celebrating raising over £45,000 for the Bone Cancer Research Trust in 2024.

Following a member of the Praetura Group team being diagnosed with primary bone cancer at the beginning of the year, it was unanimously agreed that the designated charity for Praetura in 2024 would be the Bone Cancer Research Trust, with a target set to raise £15,000 throughout the year.

Senior Marketing Manager of Praetura Lending, Jen Bellamy, has worked at Praetura for eight years, having started life at Praetura in the role of Marketing Manager for Praetura Asset Finance, based in Blackburn. Towards the end of 2023, an injury that was initially thought to be ligament damage was found to be a tumour growing in Jen's femur. This was formally diagnosed as being spindle-cell sarcoma at the beginning of January.

A range of events and activities were organised by Praetura to raise funds throughout the year, including joining in with the charity's 'Miles in March' challenge, a sponsored fire-walk, a swimathon and a football tournament.

In the Summer a host of team members participated in the 'Praetura Torch Challenge', where two days before the start of the Olympics, Praetura carried a torch over 290 miles from their most southern office in London, to the most Northern in Blackburn, in under 36 hours, stopping at all the other Praetura offices (in Milton Keynes, Chester, Wilmslow and Manchester) along the way. This ambitious challenge involved over forty Praetura People carrying the torch across the distance by cycling, running and walking. This challenge alone raised over £14,000.

Jen herself organised an event in September, where friends, family and colleagues from Praetura joined her for The Great Inflatables Walk. This saw over 50 people in a range of inflatable costumes including dinosaurs, koalas, sharks, a polar bear and Jen as a unicorn, walking from Blackpool Pleasure Beach to Blackpool Tower, raising over £15,000.

The Millbrook Christmas raffle, through the power of luxury hampers, raised the grand sum of £1,069 for mental health charity Mind.

They say all publicity is good publicity, but we'd prefer to get the Praetura logo right on the Rubik's cube…alas, it's defeated us so far! We'll keep trying.

Nathan Mollett, Head of Asset Finance

United, we go further

2024 was an important year for **United Trust Bank**'s Asset Finance business and for the Bank as a whole. For starters it marked twenty years since UTB's modern era began in 2004 and we celebrated by refreshing our brand identity to create a dynamic and vibrant new look fit to take UTB into its next exciting chapter.

The Bank has built its success on establishing strong personal relationships and close partnerships with brokers and customers. And at the core of UTB's brand is the belief that everyone can achieve more together, expressed in the Bank's new strapline – United, we go further.

Our new brand identity also reflects the energy, enthusiasm and creativity the UTB team applies to everything we do and, most importantly, how everyone achieves so much more when we work together.

The last four years has proved that. UTB's Asset Finance division has grown substantially and now numbers 47 people with new underwriters possessing specialist knowledge and skills, new BDMs, so we can provide support to more brokers across England, Wales and now Scotland with our latest hire, Eleanor Russell-Blackburn, developing new relationships with brokers north of the border.

Louise McIntosh has also built a bigger operations and pay-outs team to ensure that when we agree a deal, we deliver it quickly and this is also being assisted by our investment in technology.

> → **We're proud of our "boutique" approach to lending**

The result is that UTB is one of the fastest growing banks in the AF space. Our loan book is approaching £0.5 billion, making a sizeable contribution to the Bank's total assets of nearly £4 billion. The challenge for us now is how we push on and continue to grow without losing all the good stuff that has made us stand out. Brokers will tell you how over the last five years or so, once great funders have become faceless and hard to talk to. The unintended consequence of some technology designed to improve efficiency and ease of use is that it can, without careful consideration, create a barrier between broker and lender.

People powered tech

We're proud of our "boutique" approach to lending. It works, and encouraging direct communication with brokers and underwriters is still a key differentiator.

When we replatformed with Alfa, our aim was to preserve that USP whilst providing greater capability and automation of routine tasks, accelerating servicing and freeing up skilled people, enabling them in turn to add value in ways only human interaction can.

With the initial phase of the project delivered in 2023, our aim since has been to continuously improve the system with the integration and delivery of various best-in-class apps and specialist fintech which are best suited for making transacting business with us as quick and as easy as possible. The connection of various APIs included a suite of out-of-the-box, tried-and-tested integrations from Alfa including HPI asset registration, BACS direct debit mandates and payments, as well as the Faster Payments Service for outbound supplier payouts.

Automated credit approvals up to £150k coming in 2025

We have continued to enhance broker journeys and experiences with added and improved functionality. To streamline the proposal process and reduce manual work, we integrated a broker portal, provided by ConnectedFi, which allows

L-R: Lauren McQuilken, Business Development Manager South and South East, Astrid Michael, Head of Sales, Kerry Pickering, Broker Relationship Manager North West, and Eleanor Russell-Blackburn, Business Development Manager, Scotland brokers and business development managers to enter proposals directly into Alfa Systems via web services, and update them afterwards. With this integration we have automated proposal input, enhancing efficiency, and improving the overall proposal management process for brokers and our team.

In years gone by, the end of March has often created something of a perfect storm for funders trying to get pay outs completed promptly. Last year we had a month end, quarter end, financial year end and Easter to contend with so it was always going to be a testing time. However, we had no issues keeping to our 24-hour pay out SLAs. Proof, if needed, that our investment in technology has been a digital revolution which is now paying dividends for brokers and the Bank.

In 2025 we're implementing auto-underwriting on hard assets up to £150,000. But only to give an easy yes. There will be no auto-decline. The time and resource we save by automating simple routine tasks we can spend focusing on the trickier deals that require real expertise, intuition and finesse. That's something AI just can't replace. Not yet anyway.

Approachable and experienced underwriters, empowered to listen to brokers and make pragmatic credit decisions

Last year we started talking about 'flow and focus'. 'Flow' deals are relatively straightforward, easily valued assets for a good credit with light touch underwriting, quick turnaround and often a same day payout. A vanilla deal if you like but just as important for the broker and customer as a complex case, and important for us because flow deals still account for around 70pct of our business. This is reflected in the fact that we have Peter Price, one of the most experienced and knowledgeable underwriters in the industry, leading the Flow Underwriting team of Essie Quinnell, Hayley MacFarlane and Daniel Idowu. We have Rob Irving as our roving underwriter based in the North of England, regularly undertaking his popular in-office 'deal clinics' with brokers, looking at proposals and giving immediate decisions and feedback.

Freeing up time and resource allows us to spend more time on deals which, for a variety of reasons, need more attention to agree and complete. These are the focus deals, and we have brought in experienced, specialist underwriters such as Olly Hobday for refinance and mid-ticket, Gavin Mancey for agricultural, Giles Hussey for high value cars and Charlotte Fenton for mid-ticket and our recent asset expansion. By combining the skills and expertise of our underwriters with the specialist knowledge within Astrid Michael's sales team, we have created power teams serving brokers in specific markets and asset types. It has been a very effective way of working and has gone down very well with brokers.

Careful expansion of asset appetite

Having a close relationship and open dialogue has become even more important following our recent move

L–R: Oliver Hobday, Senior Underwriter, Kerry Pickering, Broker Relationship Manager North West, and Rob Irving, Senior Underwriter

L–R: Oliver Hobday, Senior Underwriter, Giles Hussey, Senior Underwriter, Peter Price, Senior Underwriter, and Gavin Mancey, Underwriter

to expand the range of assets we will fund. We're known for being a great funder for standard hard assets like cars, commercial vehicles, construction plant and agricultural equipment, etc. The type of asset which generally depreciates relatively slowly and provides good security. Now we're able to consider a wide variety of 'non-standard' assets such as engineering machinery, MOT testing equipment and even x-ray and ultrasound machines, to name just a few. With these deals our decisions are based more on the strength of the customer than the security provided by the asset and our relationship and communication with the broker, along with their relationship with their client is vital to achieving a quick and positive credit approval.

Our product & proposition is shaped by input from broker partners

The UTB Exchange, our broker partner advisory committee, continues to be a useful forum helping to shape our direction of travel. We bring brokers together to review and discuss our products and proposition, credit appetite, technology and regulation. By consulting with the group, consisting of nine representatives from different sized brokerages, we can ensure our strategy is aligned with what a diverse selection of brokers need. Our Next Gen Broker Exchange, launched in 2024, is giving the future of the AF broking industry a platform to collaborate and discuss their challenges and ideas for growth in what is now a dynamic and fast-moving industry.

The outlook for 2025 is brighter than this time last year with two interest rate reductions in 2024 providing some relief to strained household and corporate budgets. The surprise increase in inflation, tipping over 2pct yet again, may delay any further reductions for a while and it will take time for the new Government's policies to start showing their effects on the economy. Our feeling however is that the mood of the market is broadly positive, that businesses are investing, and that brokers and funders will be busy supporting their ambitions.

At UTB we will continue to build on the strength of our relationships with our Bank colleagues and with brokers, to achieve more. We have our sights set on significant growth this year. Our launch into Scotland, with Eleanor providing boots on the ground based within an hour of Edinburgh and Glasgow, is an exciting opportunity to introduce many new brokers to the UTB difference.

> → **This expansion will put us on broker contacts list for deals they'd never consider proposing to us before**

The expanded range of assets we'll now fund will put us on broker contacts list for deals they'd never consider proposing to us before. And our use of technology to build connections, rather than block them, will give brokers quick decisions on the easy cases and someone to pick up the phone to for the more difficult ones.

This is the year when we show ourselves and our broker partners that united, we go further. ■

Off to the races

Contributing Editor **Allan Foad** writes: The above headline could also read “A Merry Dance” because this article is about a fraud allegedly committed by a racehorse owner called John Dance who, in the experience of the Financial Conduct Authority, has perpetrated one of the largest frauds ever as a regulated individual.

At fifty years old, Dance is based in Newcastle upon Tyne and has progressed from being a part time disc jockey to night club owner to being the significant partner, effectively only partner, in a limited liability wealth management business called WealthTek. At the same time, he is deeply involved in horse-racing, owning a string of horses and sponsoring certain events. For those in the know, he owns Laurens which has been a six-time winner in Group 1 and Bravemansgame which won the King George VI Chase in 2022.

From company records I see that WealthTek was established in 2010 and traded primarily under the name of Vertus Asset Management but also as Malloch Melville. The FCA will not reveal how many clients the business had, and it is difficult to determine how many staff were employed but no one else is being charged as complicit. I am guessing there was precious little oversight in the business.

The fraudulent activity came to light in April 2023 when an FCA investigation revealed irregularities. Why the FCA went into WealthTek is not clear. Was it a routine inspection or did it suspect foul play? One thing that is known, however, is that it had a tip off from a whistleblower in 2021 reporting something wrong and failed to act.

Gary Stockdale was a former employee of WealthTek. As far as I can see his role in the business is not in the public domain, and nor do I know if he was a disaffected employee or concerned about the way the business was being managed or simply had a better job to go to, but he sent an email listing his concerns to the FCA.

The authorities’ failure to act is now being questioned by MPs whose constituents have justifiable concerns about the safety of their savings. In August 2024 seven MPs petitioned the Chancellor of the Exchequer to investigate the FCA’s conduct but I do not know with what effect.

All that to one side, the FCA discovered that Dance was funnelling his clients’ money out of WealthTek into his personal accounts on a massive scale. Initially, the FCA only looked at the period from 2020 to 2023 which was the time Dance was a regulated individual but, when it dug deeper, it found that the misappropriations dated back to 2014. Various numbers are reported but in its press release issued on 18 December 2024 the FCA stated that the overall amount was £64 million.

To its credit, the FCA acted immediately and froze all of Dance’s assets worldwide up to a limit of £40 million, saying it had discovered serious regulatory and operational issues. The freeze on assets has since been upgraded to a restraint under the proceeds of crime act.

WealthTek was placed into a special administration and BDO was appointed as administrator. A civil action was taken out in the High Court and BDO were authorised to start realising Dance’s assets for the benefit of his clients. WealthTek has ceased trading and is not considered to be a viable business going forward.

As the FCA investigation continued it realised this was more than a civil case and with the permission of the courts it has since upgraded it to a criminal one. As a result, Dance has been charged with nine offences under three headings all of which he denies.

1. that he has abused his position of trust by misusing his clients' funds. I take this to mean the FCA thinks he has stolen from his clients.
2. that he dishonestly made false representations. It is claimed that he forged a letter and maybe other documents purportedly from the FCA setting out his permissions to act as a regulated individual.
3. that he has been involved in money laundering by investing stolen money into racehorses and property. Dance is separately being investigated by the British Horseracing Authority, but I am guessing that is the least of his worries.

What did he do with all of this money? It is the old story – he enjoyed a very lavish lifestyle. He continued to own a nightclub, he invested heavily in racehorses which are not cheap to buy and expensive to keep, and he bought residential and commercial properties. Hopefully, these assets are still in his name and can be repossessed by BDO.

The FCA completed its investigation towards the end of last year and in December 2024 Dance was remanded to stand trial. The case is scheduled to be heard in Newcastle Crown Court early this year and it may have been held by the time this article is published. In the meantime, he is on bail and his lawyer has said that his defence will be that he has not done anything dishonest.

With some justification the FCA is claiming its investigation to be a success. It wrapped it up in twenty-one months against its average time of 42 months and it estimates that 84 per cent of the victims will be fully compensated. It is not clear whether this compensation will come from Dance's assets or government schemes but the answer is probably a mix of both. In any event, this is great news for most of the victims. How much the remaining 16 percent will receive unfortunately remains unclear. For the FCA to truly claim this investigation to be a success of course it will need to win its case in court.

The shadow hanging over the FCA's performance is its failure to heed the warning of the whistleblower. The contents of Stockdale's email have not been disclosed and there has been no comment on why it was disregarded. I do not know if the Chancellor has asked for an enquiry, but the findings would be interesting.

If Dance is found guilty, he will have betrayed a lot of innocent people who entrusted him with their savings. There is no information on what products Dance was selling but there are references in newspaper articles to the pensions of many clients being at risk.

What intrigues me is how Dance was able to manage such large amounts of cash with seemingly such little resource and an absence of day to day oversight. The last accounts submitted to Companies house were for 2022 and were prepared by Dance and self-certified by him. In previous years they were prepared by an accountant but not audited. Would an auditor have identified this abuse? With amazing dexterity, Gary Stockdale, the whistleblower, has written a book entitled Lost to the Races, the story of the WealthTek whistleblower. It could be a very interesting read and maybe contain some answers.

To leave the final word with the FCA, Therese Chambers, joint executive director of enforcement and market oversight has said, "This is one of the most serious and largest frauds we have ever investigated......We're pleased that clients are now seeing their assets returned." ■

LeasingWorld

PUBLISHER

LeasingWorld Ltd
Oakhill House
Uphampton
Droitwich Spa
Worcs. WR9 0JR, UK
E: editor@leasingworld.co.uk
www.leasingworld.co.uk

Published by LeasingWorld Ltd
Company No: 5387699.
ISSN 1749-3501 / Vol. 18
Printed in England by Pensord, Tram Road, Pontllanfraith, Blackwood NP12 2YA

Moveable Transactions Act: Redefining the future of asset and invoice finance

Beverley Wood, Banking & Finance Partner at Morton Fraser MacRoberts, writes: While Rachel Reeves' budget rightly drew attention for its impact on businesses, those looking for signs of optimism should consider the Moveable Transactions Act ("MTA"), anticipated to come into force in Scotland this Spring.

This pivotal reform promises to unlock access to finance, modernise processes and create opportunities across a sector that supports over £34 billion worth of business annually.

The law in Scotland has been in need of modernisation and greater flexibility for some time. The MTA introduces security structures similar to English-style debentures, combining pledges over equipment and assignments over receivables with floating charges on other assets still remaining an option. This unified framework is particularly beneficial for funders operating across the UK, bridging gaps between Scottish and English systems.

From a legal perspective Scotland has traditionally lagged behind, which has disrupted its significant financial community. The investment management industry alone oversees more than £700 billion in assets, with Edinburgh recognised as the UK's second largest financial hub after London. This gap has posed challenges but is now closing as the two regions will be more aligned under the new legal proposals.

The MTA is a landmark moment in Scots law, introducing a modernised framework that could transform how businesses secure funding against moveable assets. By providing businesses with simpler, more flexible ways to leverage assets and receivables, the MTA holds the promise of unlocking much-needed capital for companies of every size, from local start-ups to global enterprises. While the Act isn't a 'one size fits all' solution, its potential impact is undeniable. It addresses long-standing barriers in Scots law and aligns with global trends toward innovative legal reforms that improve financial accessibility. Crucially, the MTA offers a blueprint for how targeted legal changes can foster growth and opportunity across sectors.

One of the most significant challenges in Scots law has been the difficulty in taking security over moveable assets, a barrier that has left businesses with fewer options to access finance. The MTA seeks to remedy this by introducing the statutory pledge, a new way to secure assets without transferring ownership, and the Register of Assignations, which simplifies the process of assigning receivables.

For small and medium-sized enterprises (*"SMEs"*), this change is transformative. Sole traders and partnerships, who cannot currently grant floating charges, can now use the statutory pledge to access funding. The Act will open the door to these small businesses, being able to secure credit in a very simple way, which potentially puts Scotland ahead of its English counterparts- quite the turnaround!

For industries such as asset finance, the MTA provides opportunities to address specific risks and expand financing options. However, one of its strengths is its compatibility with established legal models. Asset finance is built on a well-established premise: funders retain title to goods leased to hirers. This ownership allows funders to easily recover their assets in the event of default, offering a level of security that surpasses what a statutory pledge can provide. Moreover, leasing arrangements give funders flexibility in whether they assume residual value (*"RV"*) risks and they have honed their expertise in managing these risks to minimise exposure.

The statutory pledge, while innovative, may not disrupt this model significantly. For example, in scenarios involving fleets of vehicles, the pledge introduces complexities such as requiring lender consent to release assets from the charge. These provisions could make it less practical for funders managing high-volume assets.

However, the MTA offers potential solutions to long-standing issues in asset finance. One such example is sale and hire purchase (*"HP"*) back arrangements, which have historically carried risks under the Sale of Goods Act 1979. These risks, stemming from a risk that the transaction could be considered a disguised security and lead to uncertainties around title transfer, have led some funders to err on the side of caution and avoid these transactions. While the MTA does not eliminate title risks, it offers alternatives:

1. Funders can replace sale and HP back arrangements with loan and statutory pledge structures.
2. Alternatively, they can retain these sale and HP back arrangements while securing goods with a pledge, mitigating risks where due to the arrangement being classed as a disguised security, title remains with the hirer.

Beverley Wood

The MTA also simplifies back-to-back leasing arrangements, which are common in asset finance. By allowing receivables governed by Scots law to be secured via a registered assignation, the Act streamlines these arrangements allowing an assignment of the sub- hire rental stream and hence reducing barriers to cross-border financing.

If the MTA's impact on asset finance is evolutionary, its potential for invoice finance is revolutionary.

Under current Scots law, assigning receivables – effectively selling or securing unpaid invoices – requires notifying the debtor of the assignment, a cumbersome process that adds unnecessary complexity and which, over time has led to complex trust arrangements being put in place to protect the funder's position. The MTA eliminates this hurdle by allowing receivables to be assigned and registered without notifying debtors. This streamlined approach simplifies transactions, especially for smaller deals where the cost of additional security might previously have outweighed the benefits.

The MTA is a crucial step forward for Scots law, offering a blend of innovation and practicality that has the potential to reshape the financial landscape in Scotland. For asset finance, it addresses specific risks and adds flexibility. In invoice finance, it simplifies processes and expands opportunities, particularly for smaller businesses.

While the Act may not transform every aspect of finance overnight, it lays the groundwork for a more accessible and efficient system and a toolkit of new legal options for funders to utilise. As businesses adapt to these changes, the MTA's broader impact will become clearer, hopefully setting a precedent for how modern legal reforms can unlock growth and drive resilience in a globalised economy. ■

Beverley Wood, Banking & Finance Partner at Morton Fraser MacRoberts

8 in 10 small businesses in growth mode

More than eight in ten (81pct) UK small businesses are prioritising new initiatives to boost their overall growth prospects for 2025. Increasing new business sales (43pct) and reducing fixed costs (24pct) are priority areas business owners want to focus on – but there's also evidence the recent changes to employers' National Insurance could significantly impact hiring plans for 2025. Nationally, only 7pct of small businesses surveyed are prioritising making senior hires for 2025 – and only 9pct of small business owners plan to hire young people that they can train and develop.

The findings are from the quarterly Business Barometer study by Novuna Business Finance, and the new data suggests the firm resolve by small businesses to invest in business development for 2025 follows resilient growth forecasts for this current quarter. Nationally, the percentage of small businesses experiencing quarterly growth stands at 35pct, as the period since July 2024 represents a two-year high in small business growth forecasts.

Regionally, growth planning for 2025 is being driven by the same regions that reported a strong growth outlook for Q4 2024. Small businesses in London (94pct), the West Midlands (83pct) and North East (83pct) are most likely to be investing in future growth projects for 2025 – and these were the same regions that have enjoyed an upturn in growth forecasts this quarter.

By industry sector, small businesses in the media (92pct) and manufacturing (90pct) sectors are most likely to be prioritising new growth initiatives for 2025 – and the Novuna data shows there are year-on-year increases across five industry sectors – manufacturing, construction, retail, media and agriculture.

Nationally, more than two in five small businesses are looking to increase new business income for 2025 which, for one in five, involves diversifying their business model and developing new products and services. Financial prudence is also seen to be key for the year ahead – both in terms of doing more to tackle fixed costs and building up financial reserves.

Jo Morris, Head of Insight for Novuna Business Finance, said that a lot of recent attention had been on the Autumn Budget: "Whilst our data suggested that 86pct of UK small business owners were fearful of Budget announcements, in truth small businesses [finished] 2024 in a resilient position. The percentage of enterprises predicting growth has been at a two-year peak since July and, on top of this, a huge proportion are already prioritising growth projects to invest in for the year ahead." ■

Front of mind Joanne Davis

A topical Case Study:
The King (on the application of Clydesdale Financial Services Limited) v Financial Ombudsman Service Limited

On 17 December 2024, the High Court of Justice heard a case concerning Clydesdale Financial Services Limited (the Claimant), which sought judicial review of a decision made by the Financial Ombudsman Service ("FOS") regarding the manner in which certain complaints were handled by the FOS. Specifically, the Claimant challenged the application of rules and principles established under relevant financial regulations.

As a financial services provider, Clydesdale Financial Services Limited received multiple complaints that were referred to the FOS, a statutory body established to resolve disputes between consumers and financial businesses. Financial services are subject to oversight by the Financial Conduct Authority ("FCA"), which establishes regulations that financial institutions must adhere to, including those pertaining to customer treatment and complaint handling.

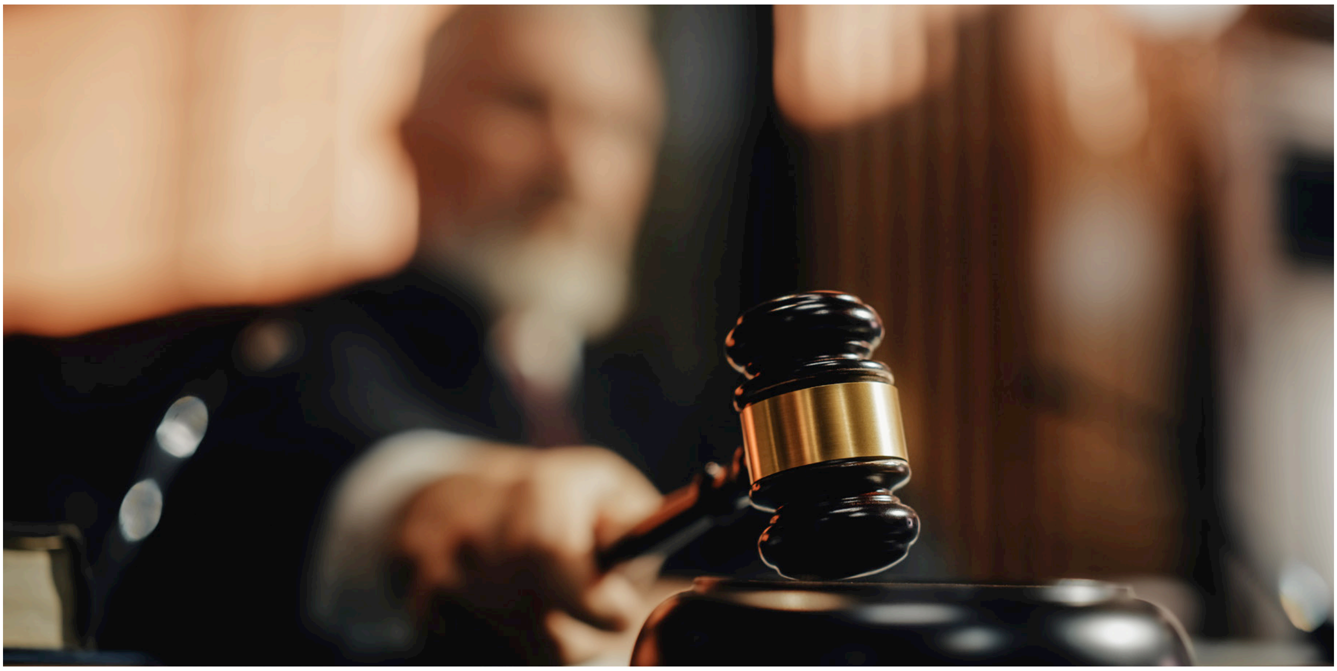
Background

The dispute arose from a complaint filed by Ms. Lewis in December 2021 to the FOS. Ms. Lewis had purchased a secondhand Audi car from Arnold Clark's showroom in Liverpool in November 2018. She entered into a conditional sale agreement with Clydesdale Financial Services, which had acquired the vehicle from Arnold Clark. The agreement terms stipulated that ownership of the vehicle would transfer to Ms. Lewis upon completion of sixty equal monthly payments over a five-year term.

Ms Lewis complained to the FOS that her car finance had been mis-sold and that the car dealer had received undisclosed commission. She said she had been caused financial hardship and stress and sought "compensation for the mis-selling."

In January 2024, the FOS upheld Ms. Lewis's complaint. The Ombudsman's decision centred on the commission arrangements between Arnold Clark and Clydesdale, which significantly impacted the interest rate Ms. Lewis was required to pay under the conditional sale agreement.The lack of disclosure regarding these commission arrangements raised substantial concerns. Notably, the Ombudsman ruled that Arnold Clark acted as Clydesdale's agent under provisions of the Consumer Credit Act 1974 ("CCA").

Consequently, a monetary award was made in favour of Ms. Lewis against Clydesdale, which has since been paid. It is worth noting Clydesdale has indicated its intention to refrain from seeking to recoup this amount. Ms.



Lewis was not required to participate further in the proceedings, yet the challenge to the Ombudsman's decision and the monetary award remained a pivotal issue for both parties.

Court proceedings

The court's examination of Ms. Lewis's case is situated within a broader context of several legal cases involving motor finance.There have been various appeals, including the recent Court of Appeal case of Johnson v. Firstrand Bank Ltd (t/a MotoNovo Finance), where similar commission-related claims were assessed. These appeals involved demands for the repayment of commissions paid by consumers to lenders, alongside a claim of an "unfair relationship" under section 140A of the CCA.

Key issues included: whether the FOS had overstepped its authority in handling complaints against Clydesdale Financial Services, the specific interpretation of consumer complaints, and the the extent to which the FOS' decisions should be subject to judicial review.

Clydesdale asserted that the FOS had exceeded its jurisdiction by misapplying its own rules and the associated regulatory standards.They contended that the decisions made by the FOS were irrational and sought to have these decisions nullified. As Defendant, the FOS somewhat predictably defended its approach, asserting that it acted within its jurisdiction and adhered to its publicly available guidelines.

Challenges and court findings

The final summary addresses three grounds of challenge raised by Clydesdale against the Ombudsman's decision regarding Ms. Lewis's finance agreement with Clydesdale.

Ground 1(i): Legal Error; Disclosure of Commission Model

Clydesdale contends that the Ombudsman erred in law by determining that Arnold Clark was obligated to disclose its commission arrangements with Clydesdale to Ms. Lewis. The Ombudsman argued that commission disclosure was crucial for Ms. Lewis to discern any potential bias in Arnold Clark's recommendations, as the commission could fluctuate based on the interest rate set.

Ultimately, the Ombudsman's interpretation and application of the rules were upheld.The Ombudsman was found to be entitled to demand a higher standard of disclosure based on the specifics of the arrangement and the potential impact on Ms. Lewis's decision-making process.

Ground 1(ii): Error of Law; Discretionary Commission Arrangements

In this ground, Clydesdale asserted that the Ombudsman misclassified the discretionary commission arrangement with Arnold Clark as violating guidance under CONC 4.5.2G. Clydesdale argued that the guidance applied exclusively to differential commission rates contingent upon business volume and profitability, whereas their arrangement did not align with such metrics.

The Ombudsman maintained that the commission arrangements could potentially generate conflicts of interest that may render the financing unsuitable for Ms. Lewis if the commission was not justified by the broker's work. Clydesdale vehemently disagreed, asserting that the structure of their arrangements was appropriate and did not constitute undue influence in the lending decision.

The Ombudsman concluded that the arrangement created an unfair incentive potentially leading to higher costs for Ms. Lewis, thereby establishing a breach of Principle 6 – due regard to customer interests.

Clydesdale's third challenge centred on the Ombudsman's determination of compensation owed to Ms. Lewis. Clydesdale asserted that Ms. Lewis suffered no actual financial loss from the arrangement – whereas the Ombudsman concluded that had the disclosure been made appropriately, Ms. Lewis would likely have negotiated a more favourable interest rate, resulting in lower payments.

Clydesdale argued that Ms. Lewis would not have successfully negotiated a lower rate given market conditions and broker fees, and maintained that the Ombudsman's decision to base compensation on a hypothetical scenario lacked proper evidence or basis.

However, the Ombudsman was found to have reasonably inferred that Ms. Lewis would have sought to pay a lower interest rate based on the disclosed information, leading to fair compensation being awarded.The court emphasised that the Ombudsman appropriately evaluated various factors considered in arriving at an equitable resolution for Ms. Lewis.

Clydesdale went on to challenged the Ombudsman's finding that Arnold Clark acted as Ms. Lewis's deemed agent regarding the commission negotiations under section 56 of the Consumer Credit Act ("CCA"). They argued that the Ombudsman erroneously attributed Arnold Clark's actions to Clydesdale, asserting that negotiations about commission did not pertain to the "goods" being sold.

The Ombudsman found that Arnold Clark's discussions were integral to the purchase of the Audi, rendering Clydesdale accountable for misrepresentations made. And in summary, the court granted permission for Clydesdale to challenge the Ombudsman's decision but ultimately dismissed all grounds of challenge, validating the Ombudsman's findings and reasoning.

Conclusion

While this outcome is disappointing for the industry, it is not surprising. Clydesdale's parent company, Barclays, has already expressed its intention to appeal this decision.The outcome of this case will be closely intertwined with the outcome of the Supreme Court case of Johnson v Firstrand Bank Ltd (t/a MotoNovo Finance), which is scheduled to be heard this spring. Any subsequent actions from the FCA regarding changes to regulations and redress schemes for back business will also impact the situation.

Firms should carefully assess the resources required to implement a mass redress scheme if they are likely to be affected by these rulings. Additionally, they should consider whether any further adjustments are necessary to their operational processes to ensure compliance with regulatory requirements.This may include increased oversight of broker/dealer activities and enhanced evidence- gathering procedures for customer conversations. ■

For more information, please contact:

Jo Davis, CEO
+44 (0)7441 240114
Jo.Davis@auxillias.com

Daksha Mistry, COO
+44 (0)7458 304068
Daksha.Mistry@auxillias.com

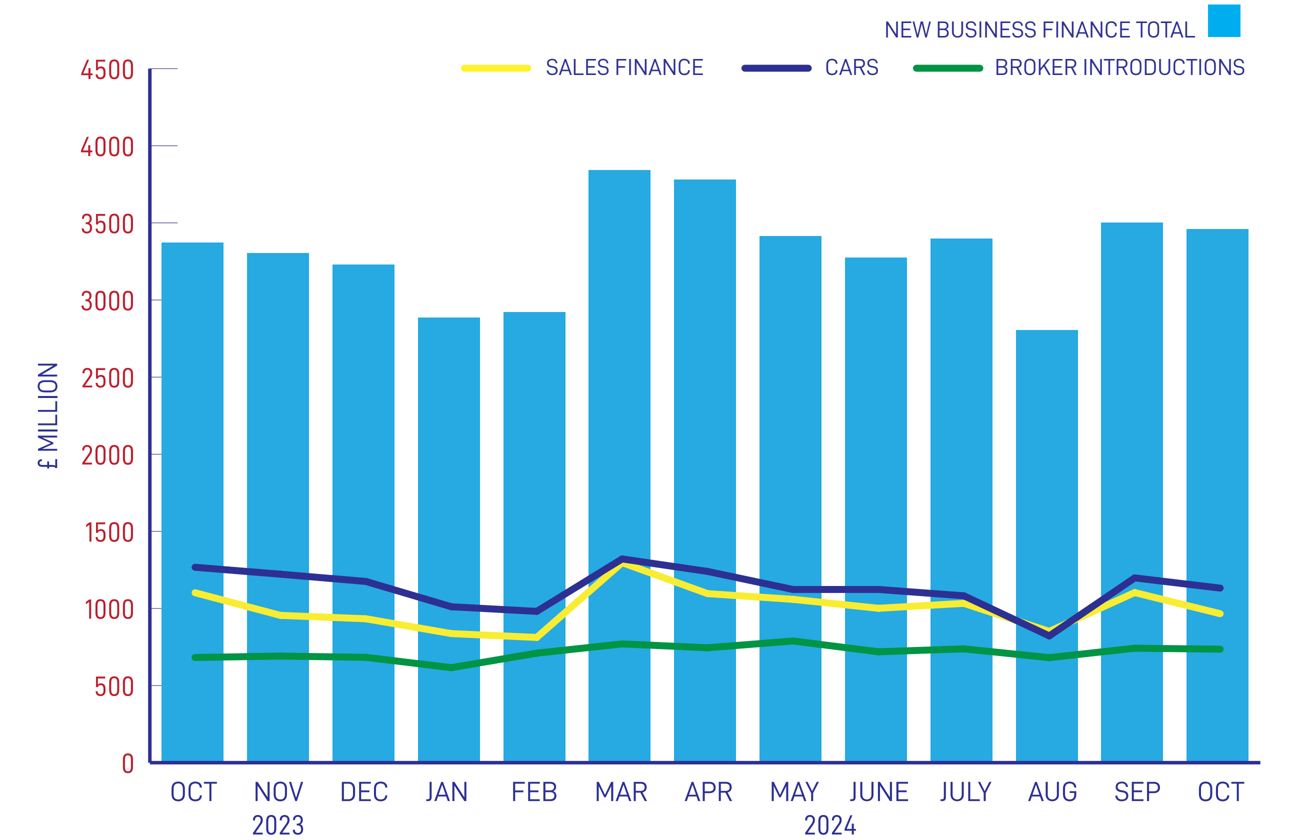
www.auxillias.com

UK NEW BUSINESS FINANCE OCTOBER 2024

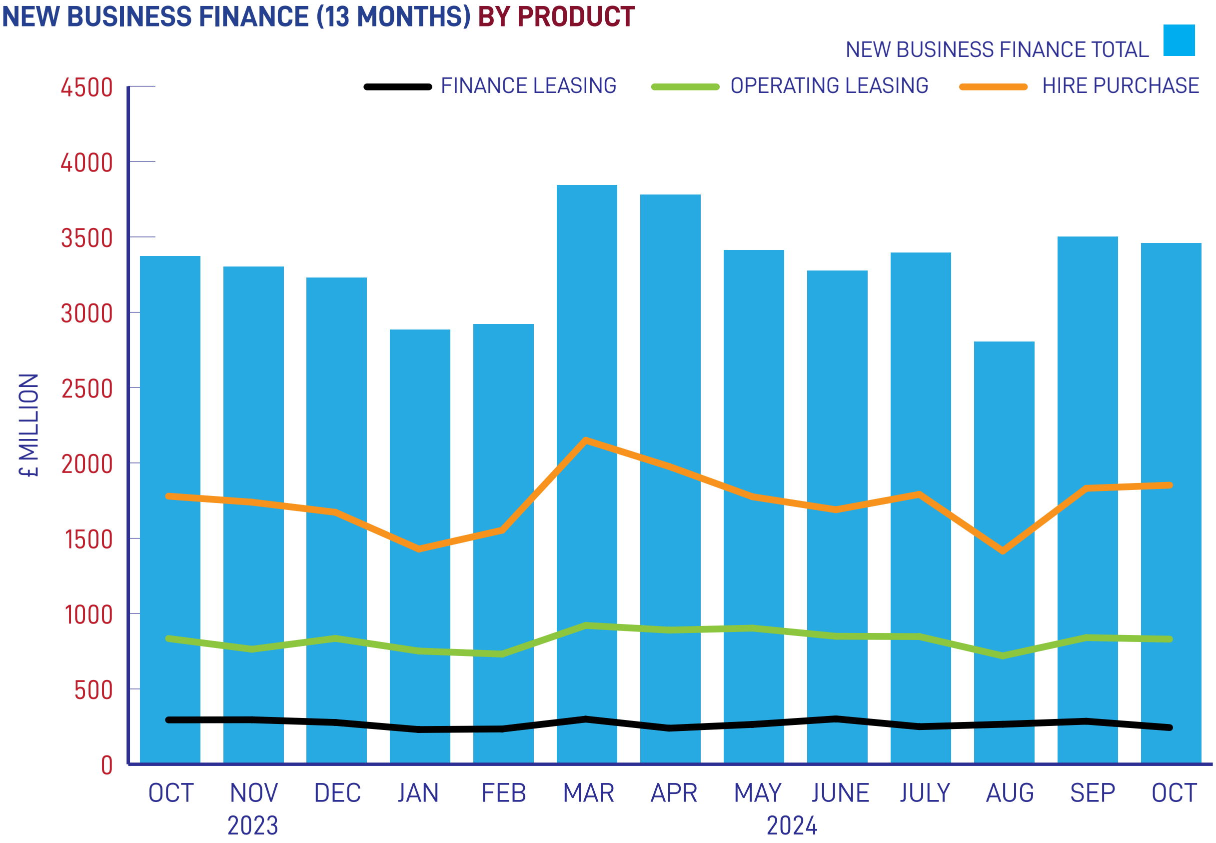
	CURRENT MONTH COMPARED			12 MONTHS TO		
	OCTOBER 2024 £M	OCTOBER 2023 £M	OCTOBER CHANGE %	OCTOBER 2024 £M	OCTOBER 2023 £M	YEARLY CHANGE %
Total comprising	3,461	3,329	4%	39,712	38,176	4%
By asset[1]						
Cars	1,139	1,230	↓-7%	13,421	12,749	5%
Other asset finance	2,162	1,934	12%	24,331	23,756	2%
High value	1	27	↓-96%	585	382	53%
By channel[1]						
Direct finance	1,585	1,502	6%	17,104	16,698	2%
Broker finance	743	698	6%	8,628	8,304	4%
Sales finance	973	963	1%	12,020	11,503	4%
By product[1]						
Finance leasing	248	320	↓-22%	3,259	3,519	↓-7%
Operating leasing	835	787	6%	10,058	8,992	12%
Hire purchase	1,857	1,750	6%	20,673	20,400	1%

Note 1: Analysis excludes receivables Source: The Finance & Leasing Association

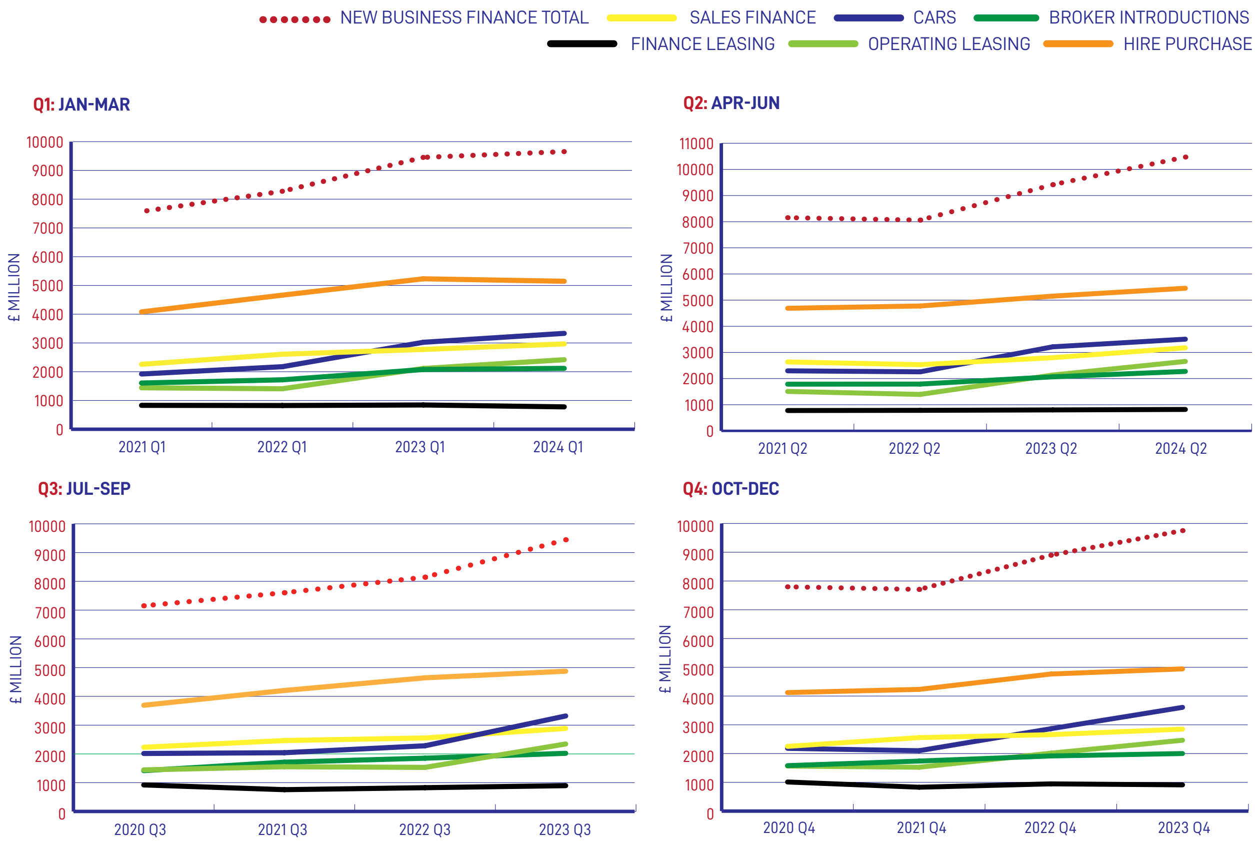
UK NEW BUSINESS FINANCE (13 MONTHS)



UK NEW BUSINESS FINANCE (13 MONTHS) BY PRODUCT



UK NEW BUSINESS FINANCE QUARTERLY COMPARISONS



LEASING EVENTS CALENDAR 2025

Date	Event	Location	Contact
22 Jan	**Leadership Live 2025**	Royal Albert Hall, London	RTaylor@ltisolutions.com
25 Feb	**FLA Annual Dinner 2025**	JW Marriott Grosvenor House, London	www.fla.org.uk
6 Mar	**2025 Women's International Day Long Lunch**	The Royal Over-Seas League	Tickets on sale soon
11 June	**NACFB Commercial Finance Expo**	Birmingham NEC	Registrations open January 2025
Oct TBC	**Leasing World GOLD Awards**	Hilton Bankside, London	editor@leasingworld.co.uk

Back in the office ...

New office, old habits

So your company has found and moved into a new office. Everything's connected and working, the houseplants haven't yet gone straggly from over-watering, the carpets still have that new carpet smell and the branding remains contemporary and fresh. Your awards trophies are safely locked in a glass-fronted cabinet. The move is complete, and there's a can-do spirit that comes from the thrill of accomplishing something so seismically impactful. You think you're ready to welcome clients and press alike.

Over the next few months, though, expect this new office space to be subjected to some serious stress-testing. Now there's an argument that the increasing adoption of hybrid working has allowed the office space to take a step back from the, shall we say, "Disneyland effect" most prominent in the early twenty-teens, when the office was almost expected to have its own live-in barista, bar and badminton court, if not a trampoline and infinity pool. The fact that people are more in control of their own personal workspace for more of the time means that there's reportedly a greater appetite among staff for the stripped-back monochrome distraction-free experiences of a previous era.

Has the company's shared space ended up with an office temperature to suit everyone? Probably not. Assuming some people are pulling on extra cardigans while others are rolling up sleeves and satirically muttering the word Mediterranean, this is another area the adoption of partial WFH has really started to pay off. By all accounts it's much easier to put up with "the little things" if you're only affected by them 8pct of the hours of the week instead of about 20pct.

Perhaps a new office space, like a new staff member, should be allowed a few months' probation period to prove its worth. No good lender or lessor launches a product before all the wrinkles have been ironed out, after all. It takes a few months to establish how to get the best out of every aspect of the new location. Like some excitingly dusty barn-find Jaguar, a new office space can take a little TLC to get everything AOK. It's unlikely to purr at the first twist of the key.

And the legacy issues can take longer to fix than the thermostat. Does your company still keep physical client files in the form of bundles of slightly damp paper in colour-coded cardboard folders in shipping containers? If not, then you've waved goodbye to one useful layer of protection against cyber attacks. (And one useful food source for mice.)

Cyber-security is one of those subjects that crops up in the national conversation from time to time, but an office move is, we'd suggest, the perfect opportunity to have that conversation out loud one more time.

ON THE MOVE

■ International SME funder *Bibby Financial Services* ("BFS") has appointed **Hannah Bloxham** (above) as HR Director as part of its growth strategy. Hannah joins BFS with twenty years' experience in HR leadership, having held senior positions at Siemens and across the British Civil Service. She boasts extensive international experience within the financial services sector, having spent four years living in Germany, covering France, Spain, Italy and Germany, and a further three years as Head of HR for the Asia Pacific region based out of Hong Kong, both with Siemens Financial Services. Her most recent role was HR Director – Reward, Employee Relations & Insights at the Office for National Statistics ("ONS"), serving an employee base of 5,000 colleagues.

A fluent German speaker and Fellow of the Chartered Institute of Personnel & Development ("CIPD"), Hannah has previously been nominated as a Power Part Timer, advocating for flexible working at senior levels, as well as being shortlisted with her team for a CIPD Award in 2023.

■ *Compass Business Finance* has made a range of hires reinforcing its commitment to the construction sector through its asset-based finance products. **Lauren Duke**, who joins as a Finance Specialist from Alpha Asset Finance, has almost seven years asset finance experience. She will be providing bespoke and tailored financial solutions for construction businesses purchasing new assets.

Meanwhile **Hannah Starling** has returned to Compass after spending time traveling and gaining wider industry experience. Hannah will join the new office-based team of specialists, focusing primarily on the construction industry.

■ *Aldermore* has welcomed **Lisa Hannah** to the role of Chief People and Communications Officer. Lisa will continue to lead Aldermore's Commercial Shared Services teams and act as Group Chief of Staff, while also overseeing our HR team.

■ **Josh Brown** has been promoted to Operations Director at *Cordoba Rewards*. The company says, "This well-deserved promotion is a reflection of his hard work, passion and commitment to the team."